



# Luxembourg Banking Insights 2018

Financial Services



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## Bank rankings 2017



# Foreword





### Pierre Gramegna

#### Finance Minister,

The Government of the  
Grand-Duchy of Luxembourg



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG

### “Let’s continue to diversify.”

Finance Minister Pierre Gramegna’s message is clear : the financial market is performing well. From discussing fintech at the ICT Spring to stressing, at the European Council, the need for a renewed sense of European solidarity, the minister appears to be centrally focused on diversification, challenges—and politics.

### Mr. Gramegna, you said in Brussels in late May that you were very satisfied with the compromise regarding the pooling of European risk. The Germans were the most reluctant on that because they feared being forced to pay for southern countries’ supposed improvidence. What has changed?

It is important to view the agreement in principle reached at Ecofin in the context of the deepening of the Economic and Monetary Union and the strengthening of the Banking Union. We had been working for months and months to address this issue, which hinges on reducing the risk of financial instability across the European financial union and paving the way for a greater sense of solidarity among Member States. We all know how crucial both of these aims are. It is extremely hard to justify financially stable countries being potentially called upon, in particular circumstances, to save banks or compensate account holders in countries with high levels of financial instability.

Of course, reducing risk will foster a more generous attitude towards other Member States, as the probability of the risk will be smaller. Germany, along with a few other northern European countries, had adopted a strong position, stating that significant progress on risk reduction would have to be made prior to any discussion of enhanced solidarity.

Luxembourg was among those countries broadly in favour of this approach; it was simply a question of degree. The time had come – as we had been saying for several months in light of risk reduction efforts made during those months – to envisage a stronger banking union. It was important that this drive to enhance financial stability did not come at the expense of peripheral countries or those dominated by bank subsidiaries. Moreover, we wanted to ensure that the division of secondary and tertiary capital reserves between parent companies and subsidiaries was reasonable. As a major European financial market, Luxembourg has played a key role speaking out on behalf of countries with a rather high number of subsidiaries in order to strike the right balance.

**The Luxembourg banking sector seems to be prompting a change. Have we seen the end of the era when directives (and only directives) were quickly enacted, and the dawn of a new era in which the process takes a lot longer (PSD 2 as a case-in-point) and goes well beyond the provisions of the directive?**

Directives are becoming increasingly complex. We have just enacted MiFID II, which was a 400-page document. Most directives dealing with the Capital Markets Union are whole books. And so what we are doing is in Luxembourg's interest: we are holding in-depth discussions with all market players to ensure that we enact directives in an intelligent way while endeavouring to stay within the established boundaries. Being the first to have enacted a directive is not necessarily the key objective. Bankers are happy that we are listening to them and looking into matters thoroughly. After all, they are the ones that would be unhappy if we enacted laws that were incomplete or that did not make use of all the options available in the directive!

**The emergence of artificial intelligence is bound to have an impact on employment. Do you agree that this could have particularly significant repercussions in Luxembourg, as one of the world's largest financial markets?**

At the start of my term of office, the Luxembourg financial market boasted almost 44,000 jobs. Today that figure



stands at 46,000. If you had told me five years ago that we would get to 46,000, I would have signed on the dotted line straight away. At that time (before fintech was a major talking point, let alone artificial intelligence), everyone was saying, "retail banks will have to cut down on in-branch services. Since interest rates are low, banks will have to employ fewer members of staff". The logic seemed irrefutable. There were some changes. Some banks closed, in Luxembourg and elsewhere. Some banks had to lay off members of staff. Some banks merged. And yet, other specialisations were emerging at the same time.

Now, five years on, the jobs figure has stayed more or less the same – in fact it has increased slightly. So I would advise against panic. There is no reason to panic. Following on from this, we should immediately add that blockchain and artificial intelligence are changing the way in which

financial services are delivered. Some jobs will be lost, but others will be created. Luxembourg must succeed in this transformation effort, and we are well on the way to doing so. We have to ensure that people working as transfer agents or branch staff, who may not have the necessary training at present, are able to rapidly gain this knowledge.



## Guy Hoffmann

**Chairman,**  
ABBL – The Luxembourg  
Bankers' Association



ABBL Chairman Guy Hoffmann wants to improve the financial sector's image.

The world of finance is changing at an astonishing speed, and it's not just down to technology: it's also because the image of the banking industry has never recovered from the financial crisis. In Luxembourg too, a degree of alienation exists between the biggest sector of the economy and the population at large. Guy Hoffmann, the new Chairman of the banking association ABBL, intends to change things. "I believe we as bankers need to give something back to society," he explains.

### Mr Hoffmann, what's the biggest project you intend to undertake as Chairman?

We need to take a root-and-branch look at all the factors that preserve and protect the stability of our financial centre. Luxembourg features in the "Champions League" of European financial centres – and indeed worldwide. All of the factors contributing to the preservation of employability and the strength of the financial centre are important. But most important of all, in my view, is the banks' image. I can't do a lot to change the reputation of banks around the world, but I can do something about those in Luxembourg.

### Has the reputation of Luxembourg's banks been tarnished?

Our sector contributes around one third of the country's wealth, but is not particularly popular among its residents. Fifty years ago, Luxembourg's citizens felt a degree of pride when it came to the steel firm Arbed. They knew the steel industry represented the foundations of their economy, but such feelings of pride are no longer felt when it comes to the banks. It's up to us to make sure things change. There have certainly been a number of "black sheep" among bankers. Though not the case in Luxembourg, the banking sector across the globe is now being collectively punished. Here in Luxembourg, we in the banking sector need to show people who we are and what we contribute to prosperity. We make an important contribution to the economy, not just as taxpayers but also through the loans we provide. That isn't always acknowledged, and our image has suffered.

## What can the ABL do to improve the sector's image?

We need to talk in a language people can understand. If we just bandy about jargon – such as “private banking” and “investment banking” – it’s no wonder people don’t bother listening. We need to explain what we do, and what role our lending operations have within the economy. It’s a question of education. Children don’t get any basic financial education – whether at primary or secondary level. It’s not about training people to become economists, but about giving young people the knowledge they need to be able to reach sensible decisions on financial matters and not fall straight into a debt trap.

## The social dimension you intend to pursue as ABL Chairman fits in well with the bank you lead, Raiffeisen. Fact is, its cooperative model is based on credibility, a down-to-earth approach and a local presence.

The international positioning of our financial centre matters. But my advice is to focus on the arena in which we operate and belong to. Everything’s interconnected. When we tell the finance minister that the tax rate is too high, we can do that because we’re looking at the big picture, and can therefore see room for improvement in crucial places.

## But taxes have already been reformed, haven't they?

The tax reform mainly benefited households. In terms of companies, the tax rate was reduced to 18%. In light of Brexit, that’s a powerful argument for persuading financial institutions to move to Luxembourg. But it’s only half the truth: at the end of the day, when all tax rates – local business taxes, solidarity tax, etc. – are added up, the rate of corporate tax comes to more than 26%. That puts us above the EU average. It would be better to set one standard rate that is attractive for all those involved, and not to bother foreign investors with the details of how taxes in Luxembourg are subsequently distributed. The EU average is 21%. That would be a good starting point in the discussions about an attractive tax rate for Luxembourg companies.

## The fact that the banks are reporting bumper profits yet want to pay less tax isn't an easy message to sell, is it?

The banking sector generated net profits of EUR 3.8 billion in 2017 against a difficult backdrop. That does indeed make it difficult to explain why we are calling for a reduction in tax. But this EUR 3.8 billion net profit needs to be seen in relation to the risk the banks have taken on. The total balance sheet of all banks in Luxembourg is EUR 750 billion. That’s how much risk our banks are entering into around the world in order to generate a profit of EUR 3.8 billion. It’s equivalent to a profit margin of just 0.5%! No business these days would be prepared to operate on such a tiny profit margin. It’s as if your neighbour was asking you to lend him EUR 100,000 but was only offering you a profit of EUR 500 in return. Would you be willing to take a risk like that?

## What locational advantages are there, other than low taxes?

What has London’s financial centre lost as a result of Brexit? Well, the answer is certainty. And that’s what we can offer investors. At the moment there’s no sign of political certainty in the UK. The background factors offered by individual financial centres are important when it comes to choosing a location. Luxembourg has strengths in asset management. Another advantage comes from the fact that Luxembourg has its own supervisory authority for the insurance sector. Other financial centres offer different advantages. Everyone will probably get a slice of the cake, but the “cake” will be much smaller than was originally hoped. Statec reports that 33 companies have chosen Luxembourg as their new gateway to the EU market, resulting in the creation of 250 new jobs. It’s less than some had been hoping, but nonetheless positive.



### Nasir Zubairi

**CEO,**  
Luxembourg House of  
Financial Technology (LHoFT)



**“Data is the new currency.”**

Fresh from moving into the new LHOFT premises on rue du Laboratoire, Nasir Zubairi is as sharp as he is eloquent when it comes to deciphering trends.

**“Banks have the most valuable data on the planet: data on our spending habits, which dictate all our choices. They should take advantage of this to fend off new technological players.”**

### **Nasir, as someone who gained first-hand experience of banking and investment funds before taking the reins at a fintech company, what are you currently seeing that has the potential to revolutionise the banking sector?**

The possible technologies are endless. However, that said, I do not believe that is the key point! Take blockchain as an example. The technology itself is far from revolutionary. But using it in an intelligent way should enable costs to be cut and new services to be offered. The banking sector is facing more and more pressure on these two issues.

For a long time, the fintech companies that should have been fostered in Luxembourg were seen as strange competitors by “traditional” banks. That is no longer the case today.

Banks ignored them, then worried about them, and are now increasingly entering into partnerships with them. It takes too long for banks to change. This process is far too slow compared with the relentless pace of technological change. Fintech companies are more agile and they cut costs more quickly. But banks have consumers’ data and trust.

### **It is a classic trope in economics: ocean liners take longer to change course...**

While that is true, change is inevitable. You have to adopt a long-term perspective: define a vision for the next 5 to 20 years and work to make that vision a reality, even if you are wrong. If you are standing still, you are moving backwards! Just look at Kodak. Or take the example of smartphones. Who could have predicted, ten years ago, the impact smartphones would have on our brains? They make us more productive, but now nobody knows the telephone numbers in their address book. We would often no longer even know what were doing on any given day without them. Today, clients’ relationships with their banks are increasingly managed from a smartphone. How many times per year do we visit a branch? And why?

### **And will this trend become even stronger among millennials?**

I hate that expression! It is so easy to stereotype people by age, ethnicity, etc. I am 45, so I am not a millennial, but I want to be able to use the best technology available! That goes for services, investment funds, recruitment, and everything else. Physical banks just aren't sexy anymore!

### **What should your bank do to please you, then?**

It could start by talking to its clients. Paying attention to them. Asking for their opinion. In the United Kingdom, banks have carried out in-depth research on their private clients. In Berlin, banks have focused on behavioural patterns. This in itself creates new jobs, such as behavioural scientist or data scientist. Emotional intelligence has huge potential for banks.





### Stanislas Chambourdon

**Head of Banking and Insurance,**  
KPMG Luxembourg



The past ten years have brought unprecedented innovation to the banking sector, from new customer channels and propositions to better back-office technology and automation.

KPMG International has recently conducted a survey of bank CEOs from around the world, with several telling results. For a start, the CEOs agreed that the pace of technological disruption has only just begun to pick up momentum—and nearly half of them expect major changes in the sector over the next three years.

Most bank CEOs have taken a healthy attitude towards innovation, and great progress has been made towards becoming more “customer centric”, which is all good news. New technologies to speed up transactions and processes are being tested, middle- and back-office processes are being realigned with the customer, fintech is hugely improving customer experience, and serious effort is going into customer data and analytics.

These changes are evidence that bank CEOs have taken an interest in getting closer to their customers, and that technological disruption is increasingly seen as an opportunity. An impressive 63% of the CEOs believe they are already actively disrupting the sector.

Since the crisis, banks have been facing the huge challenge of re-establishing trust with their customers and with the public. Investments in compliance and technology have been made to these ends, deteriorating cost-income ratios. This approach was pretty much shared across the industry, as a way to guarantee a sustainable financial services offering.

In that context, what will the next decade bring? Banks will need to secure new skills and capabilities, not only to manage new operating models but also to sustain more active innovation programs. They will need to be more aware and agile to respond to market changes and client needs. And they will need to trust their data if they want to make fundamental changes to their underlying business and operating models.

Since business and operating models themselves are already being disrupted, banks around the world need to consider what it will take to reach the next level of innovation.

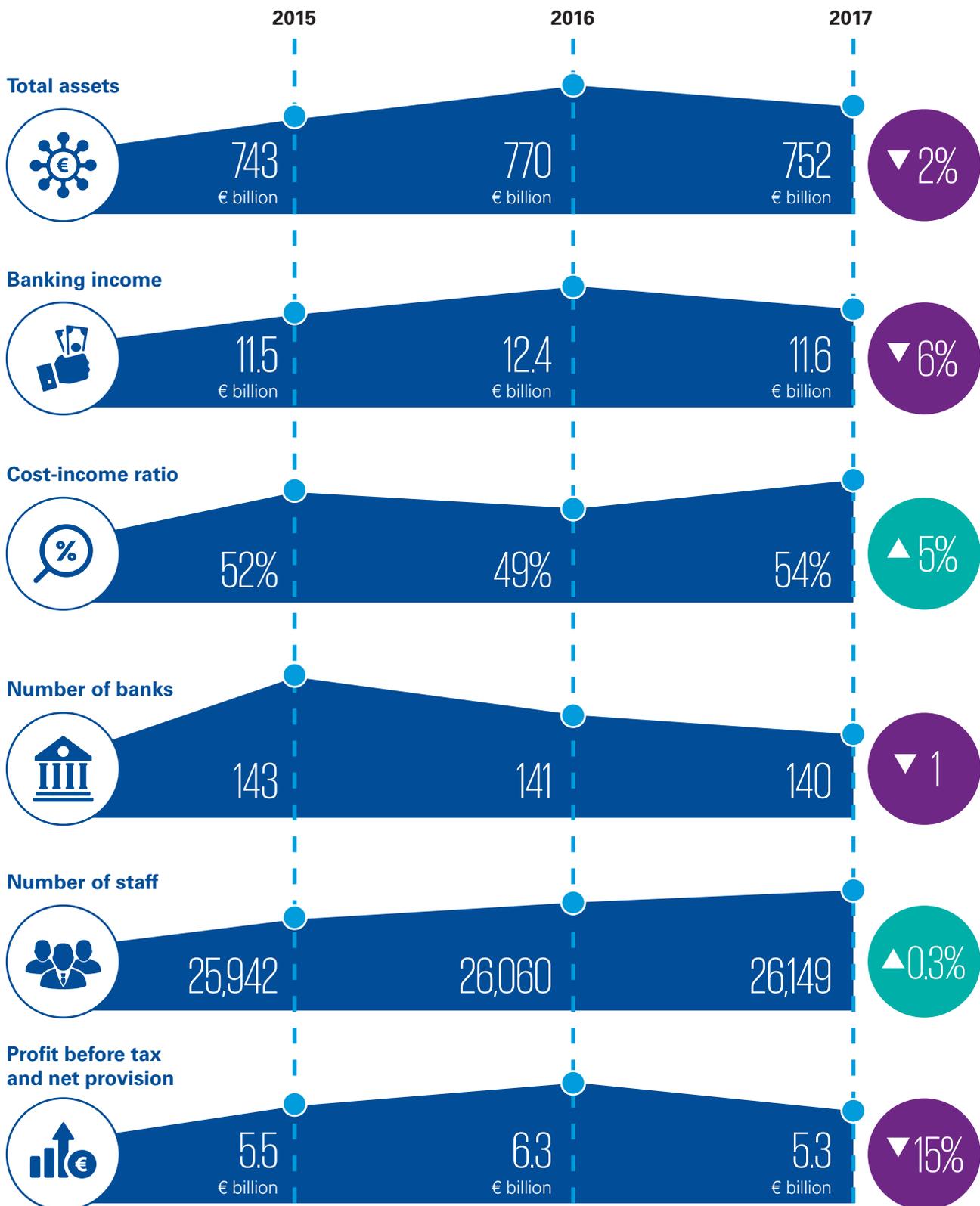


### Anne-Sophie Minaldo

**Head of Regulatory,**  
KPMG Luxembourg

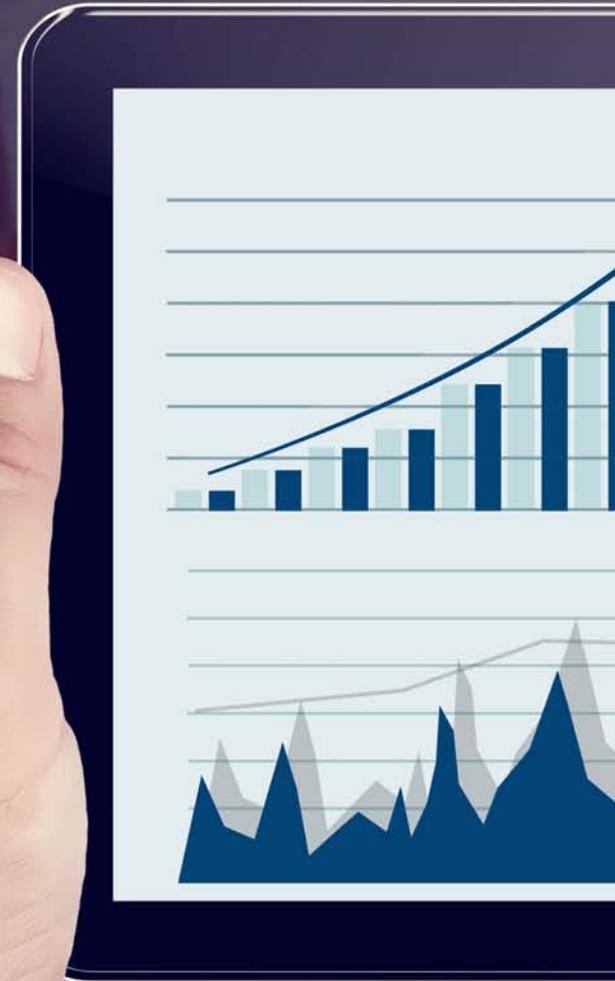


# Luxembourg banking industry indicators



Source: CSSF

# Insights





# Executive Summary

## Size of the Luxembourg banking industry



Source: CSSF

### Trends observed in 2017

It was a stable year for the banking sector in all three dimensions, with the number of employees growing for the fourth year in a row and the total assets remaining in the range of €700–800 million since 2009.

**140** banks at  
31 December 2017

**26,149** banking staff at  
31 December 2017

**€752 billion** total assets of banks  
at 31 December 2017

## 2017 performance indicators

Banking income	Total	Change
Interest margin	€4.9 billion	▲ 3%
Commission margin	€4.7 billion	▲ 3%
Other revenue	€1.9 billion	▼ 35%
	▼	▼
<b>Banking income</b>	<b>€11.6 billion</b>	<b>▼ 6%</b>
Expenses	Total	Change
Employee costs	€3.2 billion	▲ 2%
Other charges	€3 billion	▲ 5%
	▼	▼
<b>Total expenses</b>	<b>€6.2 billion</b>	<b>▲ 3%</b>

Source: CSSF

### Trends observed in 2017

The operating profits registered a relative growth similar to the increase in expenses. There was a significant drop in other revenues and profit before tax due to a one-off gain in one bank during the 2016 financial year.

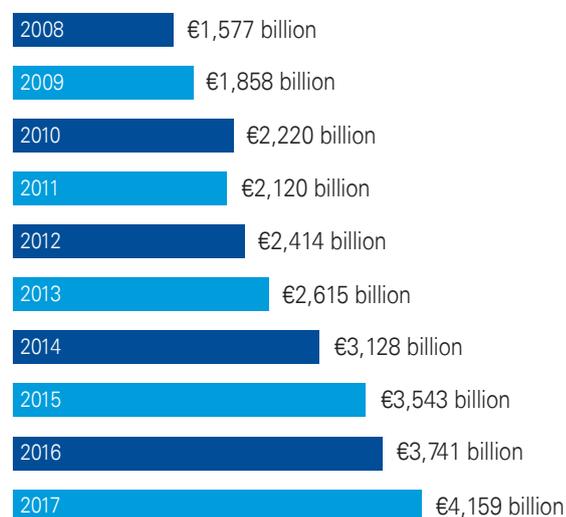
### Net profit before tax and provision

€5.3 billion ▼ 15%

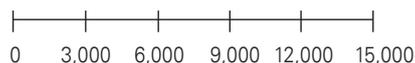
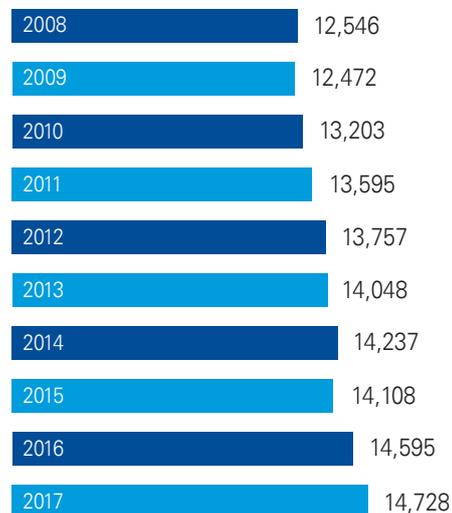
# Executive Summary

## Size of the Luxembourg investment fund industry

### Total net assets



### Number of sub-funds



### Trends observed in 2017

Net assets exceeded €4 billion for the first time in 2017 and have doubled since 2011. The increase is mostly due to positive market developments.

**14,728** sub-funds at  
31 December 2017

**€4.2 trillion** total net assets of investment funds  
at 31 December 2017



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# Infographics

## International Nature of the Luxembourg Banking Sector

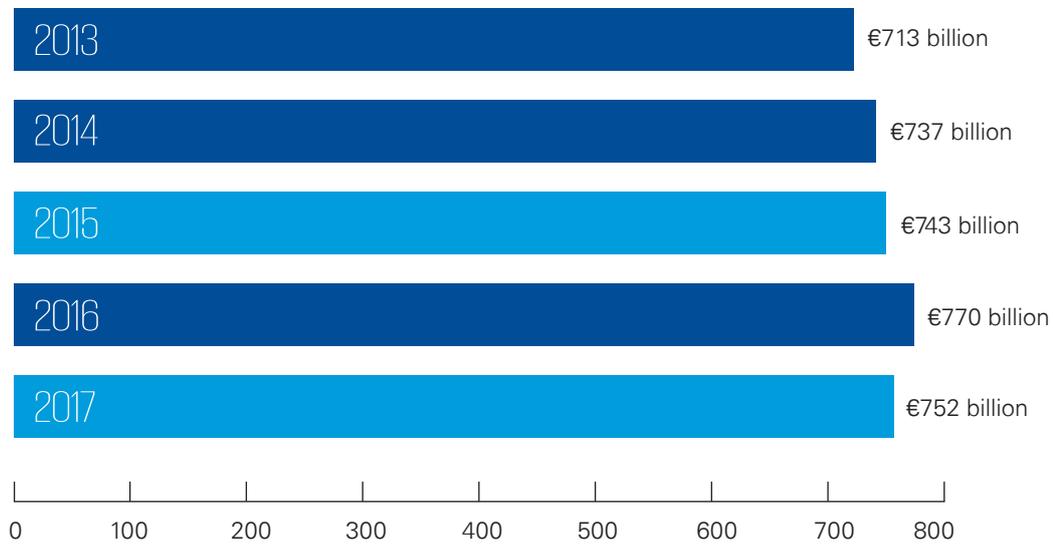
Number and geographical origin of Luxembourg banks





# Assets

## Evolution of assets in Luxembourg banks



Source: CSSF

In 2017, bank exposures reduced on the asset and liability side due to the termination of intercompany transactions.

Development of Assets	€ billion	Development of Liabilities	€ billion
Loans to central banks	▲ 42	Amount owed to central banks	▼ 2
Loans and advances to banks	▼ 42	Deposits from banks	▼ 20
Loans and advances to customers	▲ 8	Deposits from customers	▲ 10
Fixed income securities	▼ 20	Debt securities	▲ 3
Financial assets held for trading	▼ 2	Capital and reserves	▼ 1
Other assets	▼ 4	Other liabilities	▼ 8

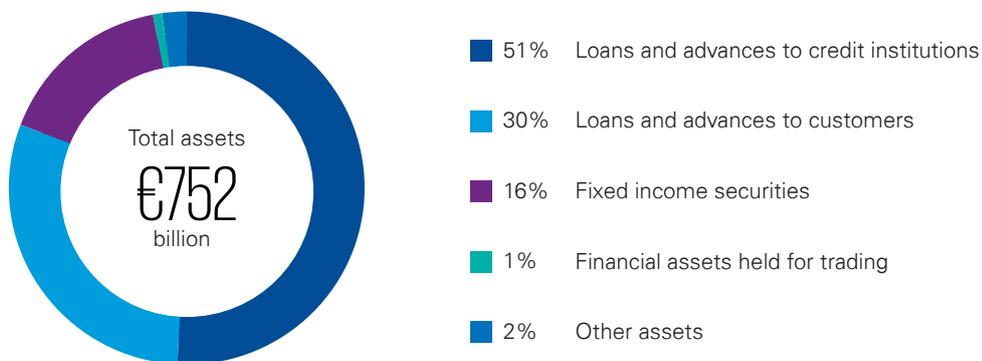
An analysis of the top 10 banks in terms of total assets is shown in the table below:

Total assets € million	Rank	2017	Rank	2016	Rank	2015
Banque et Caisse d'Epargne de l'Etat, Luxembourg	1	45,518	2	43,445	2	42,797
Société Générale Bank & Trust	2	40,402	3	42,188	3	36,399
BGL BNP Paribas	3	38,464	4	33,933	4	32,969
Deutsche Bank Luxembourg	4	37,676	1	51,787	1	80,023
Banque Internationale à Luxembourg	5	23,753	5	23,149	5	21,474
Intesa Sanpaolo Bank Luxembourg	6	22,203	7	17,996	8	16,160
UniCredit Luxembourg	7	17,993	6	20,272	6	19,728
ING Luxembourg	8	17,975	12	15,188	11	14,941
DZ PRIVATBANK S.A.	9	15,659	10	15,914	10	15,749
Norddeutsche Landesbank	10	15,361	9	15,936	9	15,832

# Assets

## Asset structure

### Composition of assets 2017

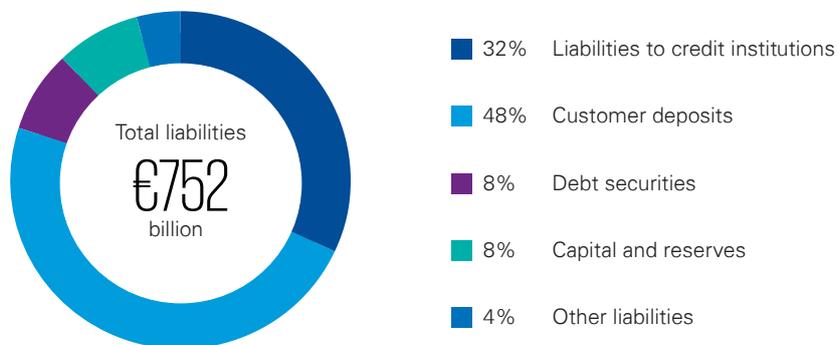


Source: CSSF

The asset and liability structure of the banking market has not changed significantly in recent years. Customer deposits account for half of the liabilities and remain the main source of funding. They are mainly placed on the asset side with credit institutions where a reduction in intercompany balances has led to an increase in placements with the central bank.

## Funding

### Composition of liabilities 2017



Source: CSSF

Deposits from credit institutions and customers remain the main funding sources in Luxembourg's banking sector. Low and negative interest rates have not changed the relative importance of these sources compared to the previous years.

# Assets

## Customer deposits

The banks with the highest deposits from customers are shown in the table below:

Leading banks in terms of customer deposits - 2017	Total	Change
Banque et Caisse d'Epargne de l'Etat, Luxembourg	€32 billion	▲ 12%
BGL BNP Paribas	€26 billion	▲ 10%
Banque Internationale à Luxembourg	€16 billion	▲ 1%
ING Luxembourg	€16 billion	▲ 22%
RBC Investor Services Bank	€12 billion	▼ 2%

Source: Luxemburger Wort

## Capitalisation

Leading banks in terms of capital and reserves are given below:

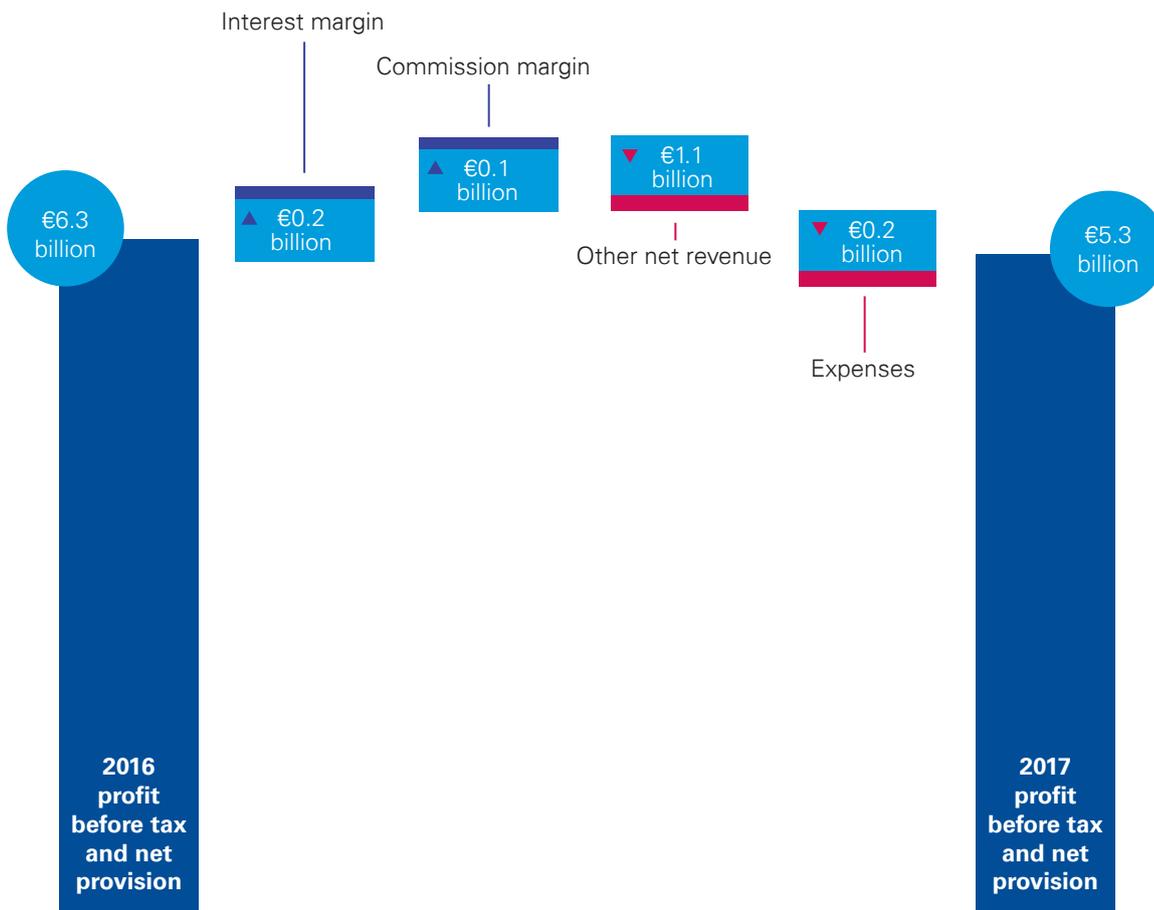
Leading bank in terms of capital and reserves - 2017	Total	Change
BGL BNP Paribas	€5,424 million	0%
Deutsche Bank Luxembourg	€5,148 million	▲ 2%
PayPal (Europe) S.à r.l. et Cie	€4,460 million	▲ 1%
Banque et Caisse d'Epargne de l'Etat, Luxembourg	€3,570 million	▲ 2%
Société Générale Bank & Trust	€2,440 million	▼ 6%

Source: Luxemburger Wort

# Profitability

Other revenues and profit before tax and provision recorded a significant decrease, mainly resulting from a one-off gain from a bank in the 2016 financial year. The diagram below illustrates the changes in net profit compared to 2016.

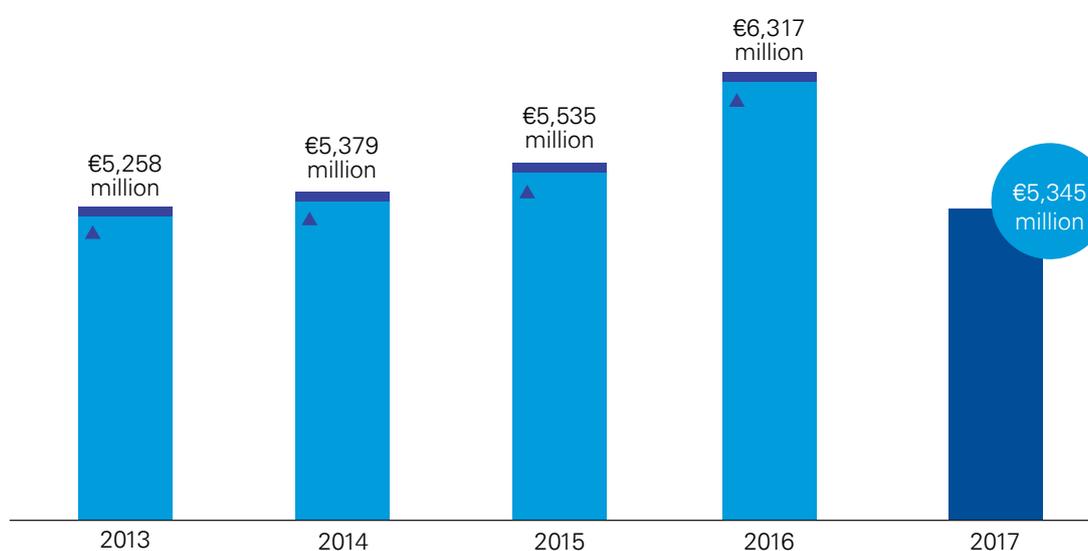
## Overview of change in net profit compared to previous year



Source: CSSF

## Net profit before tax and net provisions

The evolution in net profit before tax and net provisions of Luxembourg banks over the past 5 years is shown below.



Source: CSSF

An analysis of the top 10 banks in terms of net profit after tax and net provisions is shown in the table below.

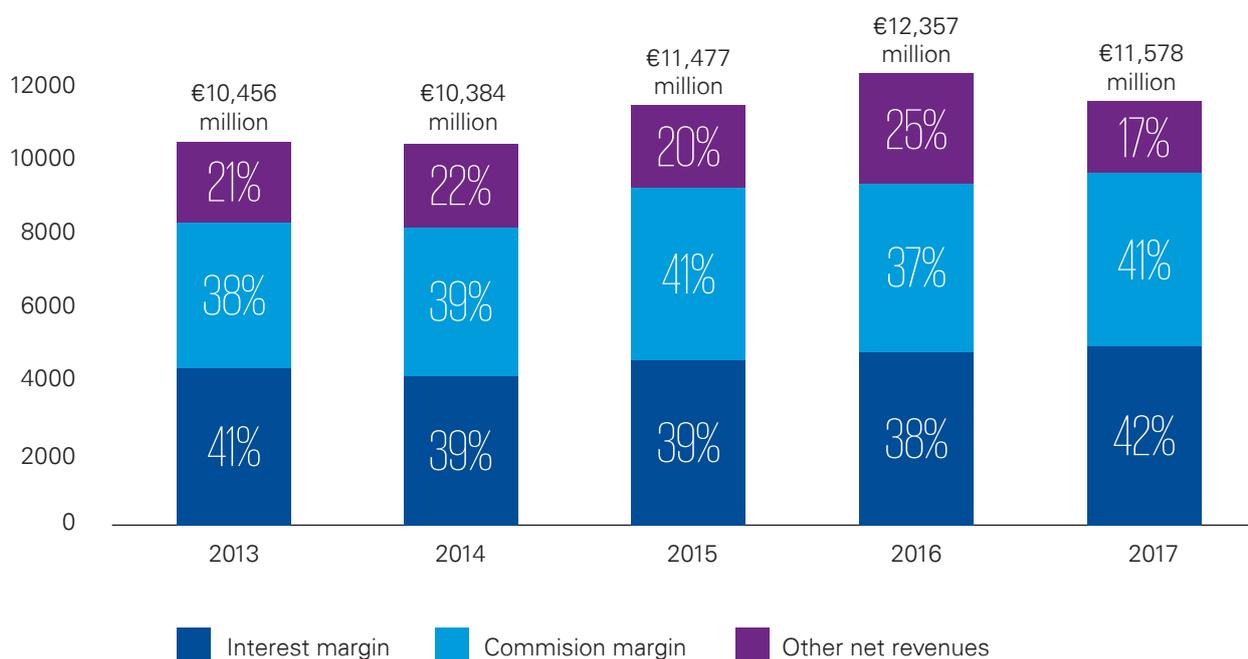
Net Profit €million	Rank	2017	Rank	2016	Rank	2015
Société Générale Bank & Trust	1	299	2	310	1	406
PayPal (Europe)	2	297	4	218	4	172
Banque et Caisse d'Epargne de l'Etat, Luxembourg	3	241	3	240	3	230
Deutsche Bank Luxembourg	4	218	1	1,067	2	289
Clearstream Banking S.A.	5	194	6	172	11	117
BGL BNP Paribas	6	146	5	185	6	152
Intesa Sanpaolo Bank Luxembourg	7	135	8	122	5	164
State Street Bank Luxembourg	8	128	9	114	9	131
Banque Internationale à Luxembourg	9	117	10	110	8	134
J.P. Morgan Bank Luxembourg	10	105	16	63	17	69

# Profitability

## Banking income and net business income

For the purpose of this report, banking income consists of income from interest, dividends, commission and other net revenues. Net business income is defined as banking income less other net revenues. Interest and commission margins increased marginally in 2017, whereas other revenues decreased significantly, mainly due to a one-time gain from one bank in 2016.

### Banking income



Source: CSSF

## Interest margin

The leading banks generating net interest income in absolute terms are:

Leading Banks in terms of net interest income 2017	Total	Change
PayPal (Europe)	€711 million	▲ 21%
BGL BNP Paribas	€455 million	▼ 6%
Banque et Caisse d'Epargne de l'Etat, Luxembourg	€363 million	▼ 1%
Banque Internationale à Luxembourg	€306 million	▲ 2%
Deutsche Bank Luxembourg	€205 million	▼ 33%

Source: Luxemburger Wort

# Profitability

## Net commission income

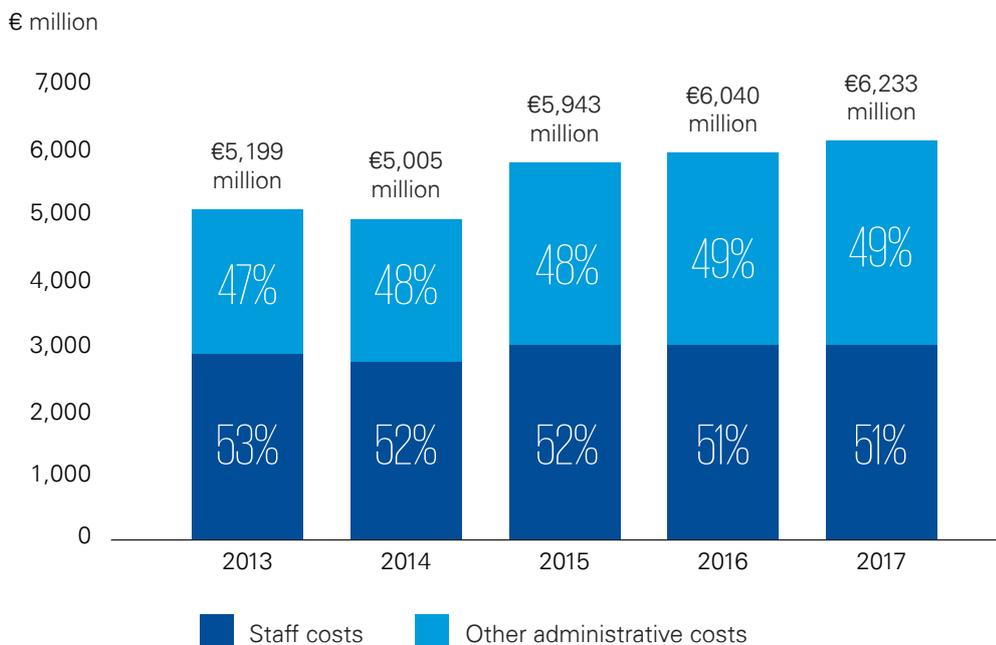
The leading banks generating net commission income in absolute terms are:

Leading banks in terms of net commission income 2017	Total	Change
Clearstream Banking	€467 million	▲ 7%
State Street Bank Luxembourg	€397 million	▲ 11%
J.P. Morgan Bank Luxembourg	€242 million	▼ 10%
RBC Investor Services Bank	€207 million	▲ 6%
Banque Internationale à Luxembourg	€201 million	▲ 8%

Source: Luxemburger Wort

## Total expenses

Total expenses consist of staff costs and other general administrative costs.



Source: CSSF

Total expenses rose by 3.2% in 2017. Staff costs remain stable in line with the increase in the number of employees. Other expenses increased by 4.9% and registered an increase of 20% over the last five years. Investments in new IT infrastructure to comply with new regulations such as MiFID II and IFRS 9 have significantly contributed to that development. The cost-income ratio has dropped by 5 points to 54%, which is still significantly below the average cost-income ratio for banks within the EU (62.6%).

# Profitability

## Development in number of staff

In 2017, a total of 836 employees were added, with a strong development in management companies and the Professionals of the financial sector (PFS). Within that sector, the increase mainly came from the support PSF.

Type of financial sector entity	Number of staff	Change in number and %
Banks	26,149	▲ 89 0%
Professionals of the financial sector	15,935	▲ 442 ▲ 3%
Management companies	4,039	▲ 305 ▲ 7%

Source: CSSF

The table below shows the top 10 banks in terms of number of employees.

Number of employees as per year end	Rank	2017	Rank	2016	Rank	2015
BGL BNP Paribas	1	2,390	1	2,478	1	2,514
Banque et Caisse d'Epargne de l'Etat, Luxembourg	2	1,820	3	1,796	3	1,783
Banque Internationale à Luxembourg	3	1,803	2	1,815	2	2,050
RBC Investor Services Bank	4	1,339	4	1,327	4	1,424
Société Générale Bank & Trust	5	1,237	5	1,241	5	1,244
DZ Privatbank	6	912	6	909	6	863
Banque de Luxembourg	7	844	8	815	8	803
ING Luxembourg	8	825	7	838	7	818
State Street Bank Luxembourg S.C.A.	9	790	10	743	10	754
KBL European Private Bankers	10	702	9	765	9	771

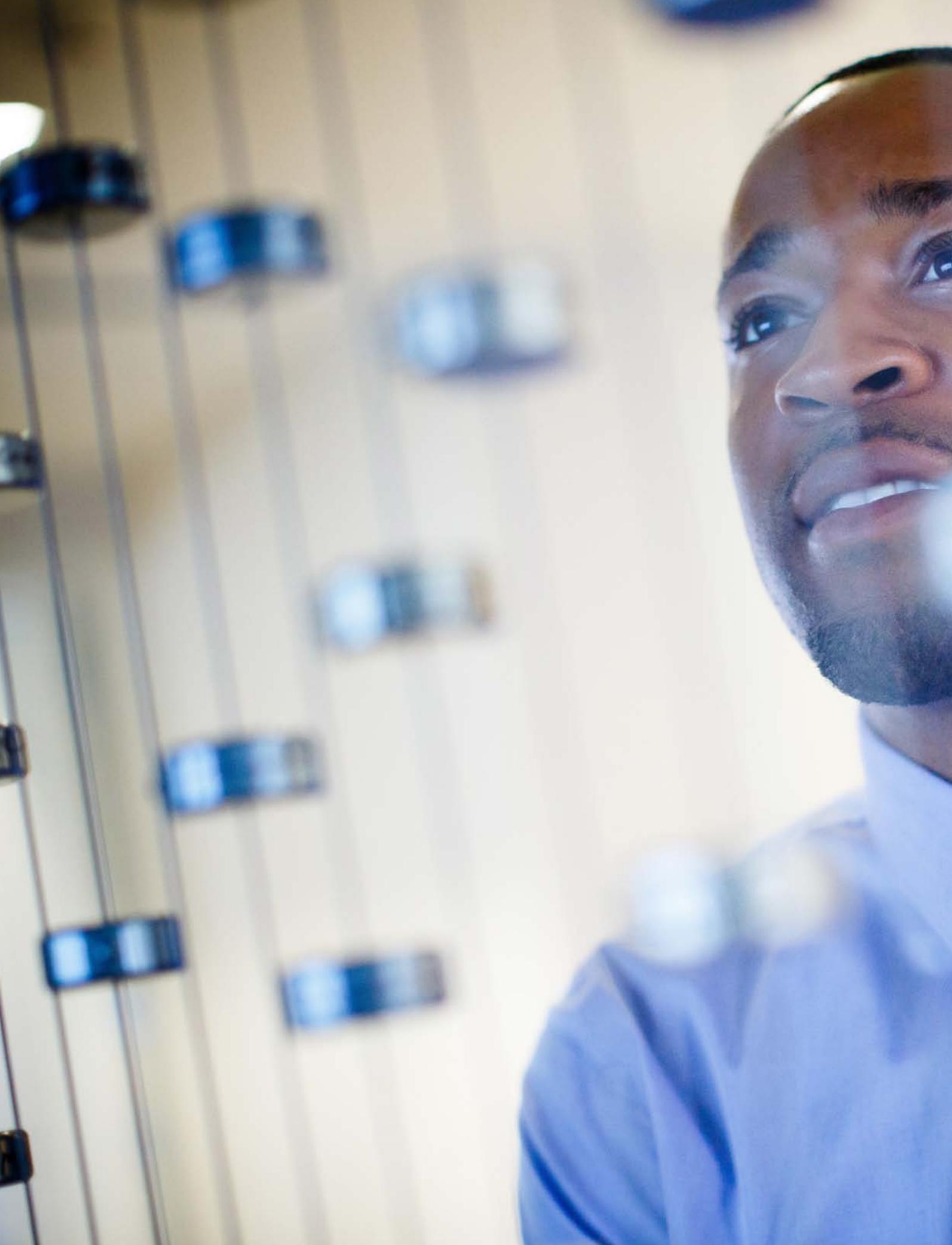


# Trusted for 30 years in Luxembourg

We are proud to have been among the pioneers of Luxembourg's modern financial sector, and equally proud to call this country our home.

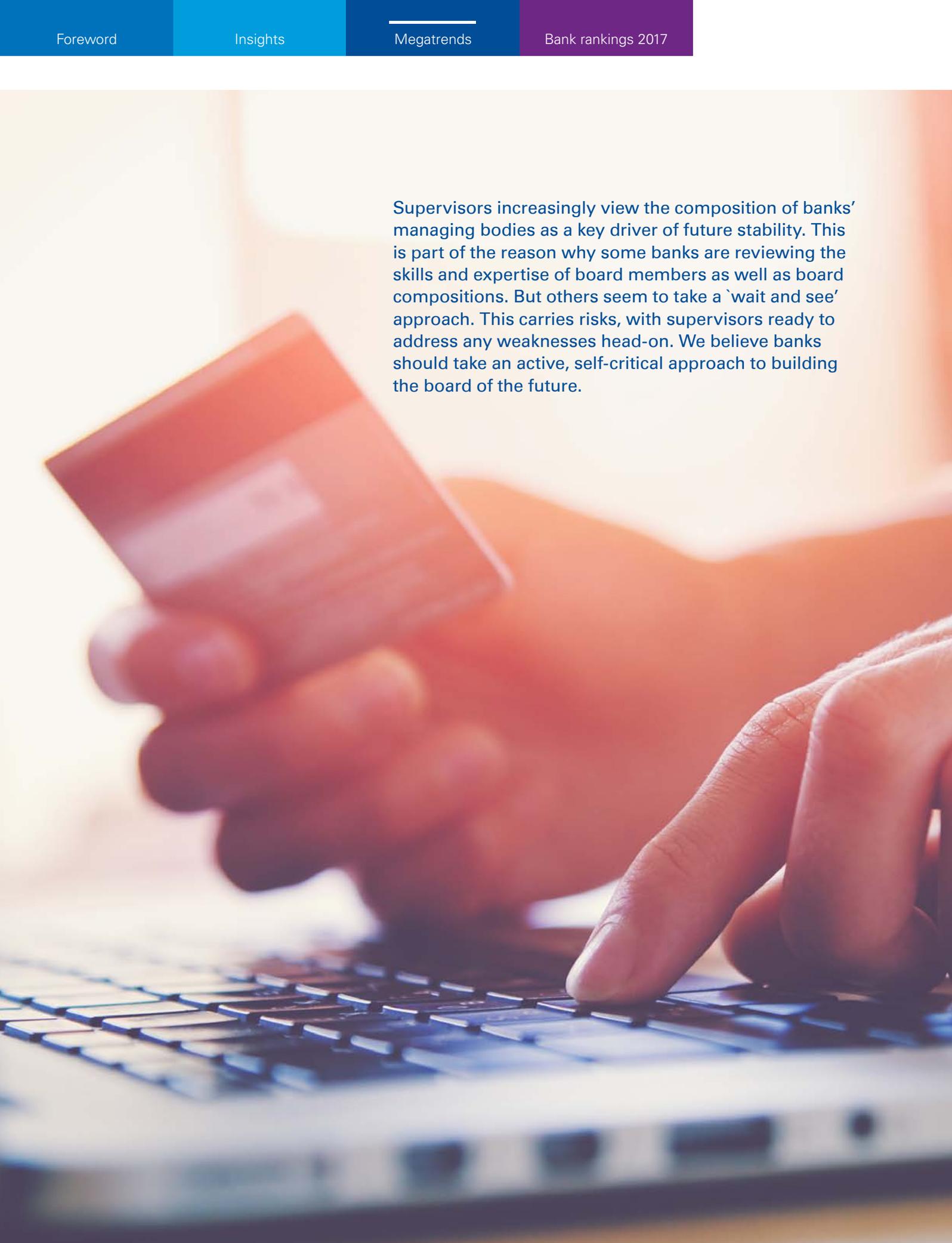
Thank you to everyone who has placed their trust in KPMG over the past 30 years.







# Megatrends



Supervisors increasingly view the composition of banks' managing bodies as a key driver of future stability. This is part of the reason why some banks are reviewing the skills and expertise of board members as well as board compositions. But others seem to take a 'wait and see' approach. This carries risks, with supervisors ready to address any weaknesses head-on. We believe banks should take an active, self-critical approach to building the board of the future.



# The banking board of the future

The composition of European banks' managing bodies is changing fast. We see three overlapping forces encouraging institutions to broaden their view of the expertise that management boards will need in the future.

The first driver is that banks are **changing their operating and business models** in response to their economic, social and technological environment. New executive level roles are being created to respond to these macroeconomic changes. With the increasing importance of technology and use of data in the industry, banks are faced with the challenges that come with fintechs, new cyber risks and increased reliance on outsourced services but also changes in customer demand. **Banks are turning to machine learning and data and analytics to pre-empt customer behavior, helping build new products and processes.**

In particular, outsourcing and digital innovations such as data and analytics, cloud computing, artificial intelligence and distributed ledger technologies are playing a growing role. This was seen in the recent addition to BBVA's executive board, a Head of Data at the highest level of their organisation **to promote the strategic use of data.**

To implement these changes successfully, many banks are seeking to augment the technological skills of their board members.

The second factor is the growing number of supervisory requirements around the skills of board members and the split of their roles and responsibilities. These include:

- The SSM supervisory statement on governance and risk appetite issued by the ECB in June 2016, which sets out a number of specific requirements about the skills of managing board members.
- The EBA guidelines 2017/11 on internal governance putting more emphasis on the duties and responsibilities in its supervisory function and risk management oversight.
- The ECB's increasing tendency to demand a clear separation between first and second line of defense such as lending activities and risk control.

- The ECB has reviewed its approach to 'fit and proper' assessments, and has created a separate Directorate Generale focused, among others, on authorisations. Other divisions include Enforcement and Sanctions, Supervisory Policies and Supervisory Quality Assurance. Furthermore, the ECB plans to setup a new platform for authorisation to ease the authorisation process.

The third factor is the evolution of corporate governance codes, including a push for companies in all sectors to improve the diversity of their leaders. Corporate governance culture varies between Member States, but there are also legal requirements in place at an EU level - as illustrated by the EBA's continuing focus on diversity benchmarking or revised SREP guidelines which includes an assessment of the corporate and risk culture.



The combined effects of these drivers are pushing banks to review the composition of their management boards. In some cases, boards are getting larger as new capabilities emerge and technical functions become more refined. Apart from Chief Information Officers or Chief Data Officers, we are seeing a small number of banks in Europe that have implemented a Chief Lending Officer or Chief Credit Officer role in addition to a Chief Risk Officer.

Even so, other banks appear to be opting for a passive approach to their board composition. This may reflect a lack of awareness, or a preference to take a 'wait and see' view of this relatively subjective topic. After all, interpretations of different C-level roles can vary significantly from country to country.

In our view, such a passive approach is a mistake. We see compelling reasons for banks to take a proactive attitude to board composition. To begin with, banks should be aware that the business and changing industry environment requires a re-assessment of board compositions. In addition, JSTs will consider the EBA guidelines as part of the SREP in 2018 and will ensure that SSM priority topics for 2018 are covered adequately by banks' management boards. It also seems likely that the ECB will conduct some form of benchmarking to compare the skills of banks' boards with those of their peers. Ultimately, boards judged to be falling short of supervisory requirements could face compulsory changes to their composition. We have already seen examples of this in Spain, Germany, Italy and Finland.

We therefore believe that banks should take a number of key steps to ensure their management boards are 'fit for purpose'.

- First of all, some banks are taking actions to better adapt to the digital age.
- At a minimum, banks must ensure they are familiar with the growing number of ECB and EBA requirements relating to board-level expertise, as well as the priorities of other bodies including the EC and SRB. In our experience, few banks have studied these requirements in detail and some are barely aware of them.
- Ideally, banks should also conduct a critical self-examination of the skills and expertise of their managing body, and how this may be perceived by internal and external stakeholders.
- Lastly - if required - banks should give serious consideration to proactively addressing any shortcomings, instead of waiting to be forced into action by supervisors.

Of course there is no such thing as a 'perfect' board. But business is changing fast and the growing supervisory focus on managing bodies means it is increasingly vital for banks to do all they can to build a board that will deliver future success.





## Bernard Coucke

**CEO,**

Edmond de Rothschild (Europe)



**EDMOND  
DE ROTHSCHILD**

**“The greatest challenge for a bank such as our own is to keep being who we are, and to do this in an industry that has become so regulated as to have smoothed out the differences between business models.**

**Nonetheless, different business models are still essential to offering investors the range of services that they are entitled to expect.”**

There are numerous facets to the Edmond de Rothschild Group; however, it is sailing-related metaphors that are most frequently used by Bernard Coucke, the Bank’s CEO in Luxembourg, in order to describe the learning process for the bank, during a recent “tumultuous crossing”.

The storm with which the family was confronted was the catalyst for a complete overhaul of governance principles. One of the defining characteristics of the Edmond de Rothschild Group is that it has only one shareholder, Benjamin de Rothschild, whose wife, Ariane, is its CEO. Numerous studies have shown that the performance of family groups under strong management is often much better than that of international groups (where governance models are based more on consensus, seeking to satisfy the largest possible number of expectations). In an industry that is becoming increasingly regulated, the difficulty lies in striking the right balance between optimising performance and respecting governance principles.

Without sacrificing its bold approach, the Group has now adopted a model under which the members of the Board of Directors act as coaches, operating as both a “sounding board” and a “challenging board”. Bernard Coucke is amazed that coaching is not more widespread throughout the banking world as “all high-level athletes and talented actors can testify that their success is also that of their coaches”.

Being used to taking decisions quickly, the family decided that turning the page on its former model would mean putting in place a new Board of Directors along with a new senior management team. The Board now has seven members, including four independent members, all of whom have the experience and maturity required for the key tasks entrusted to them.

The Group’s values are rooted in the family’s historic motto: “concordia, integritas, industria”. These values only make sense if they are enshrined in the conduct of each and every one of the Group’s employees. In order to ensure that these values remain deeply rooted in each individual’s approach, there must be continuous, wide-scale communication. It is crucial to establish the confines of banking secrecy and discretion and to showcase the values of cooperation and communication, and above all the importance of transparency for clients, the Group and the wider community in general.

The challenge today is to ensure that the 600 employees of the Luxembourg Group and its subsidiaries accept and implement the change in course set by the family, and the new management team. However, it's not a case of changing tack but rather of ensuring that the whole crew plots the new course in order to create added value.

In this case, "value" is not simply limited to financial performance: both "increasing staff commitment and the level of client satisfaction" are also priorities for the CEO.

By focusing on staff and client engagement, the bottom line will follow by itself. "I want to put in place KPIs that enable me to measure staff engagement and client satisfaction in two years".

The brand loyalty of clients and of our various partners is an extraordinary asset, but also conceals a risk – the risk of not reinventing oneself and fading into irrelevance. Bernard Coucke confesses to us that he is a Darwinist, convinced that evolution is necessary for the survival of the species. The process of transformation that is under way has the primary goal of reinforcing the foundations necessary for the deployment of a strategy under which the Group's bold approach and special nature are highlighted.

Given his experience at ING, Bernard Coucke has all the enthusiasm required to successfully carry out the Bank's digitalisation. Given the nature of its services and clients, digitalisation at Edmond de Rothschild encompasses two main threads:

— Behind the scenes, it is necessary to establish an operationally excellent system in order to provide discerning clients with the best service at the lowest cost. A number of players are now cutting in on key elements of the value chain offered by traditional banks. It is therefore essential to identify the keys that can effectively be used to optimise operational flows. There is no doubt that a massive investment in fintech is the best strategy for the Rothschild Bank, which has a preference for establishing partnerships: a fruitful cooperation between an innovative company and a very strong brand.

— There is also the visible aspect of guaranteeing continuous and appropriate communication with clients. The Bank's clients include numerous entrepreneurs, attracted by the Group's spirit of conquest. These clients expect their banker to be available 24/7. As men and women have physical limits, artificial intelligence has proven to be an important avenue that needs to be pursued.

Although Bernard Coucke worked for more than 30 years at major banks, whose values he strongly respects, he tells us that he has never in his life seen an entrepreneurial spirit as lively as the one within the Rothschild family. Having the opportunity to participate in the family's investments and projects is an incredible asset for the clients of the Bank.

# Governance and tax transparency

The global tax system has been in a period of significant change for a few years now. One feature of this, among many, has been increased tax transparency, in whose name discussion around fair taxation has heated up and the term “responsible tax” has emerged. Customers, investors, and employees certainly expect more from businesses than in the past when it comes to their tax practices.

Emerging out of the mist of these discussions is the conclusion that the tax policy of every multinational group will, long-term, likely have to be made public in one way or another. This move has already started, with several recent initiatives emerging that shift companies’ obligations away from reporting to tax authorities and towards reporting to the public, either at local or international levels.



Furthermore, the EU commission is currently discussing the conditions under which country-by-country reporting requirements (which already exist in the EU and in some other countries further to the BEPS work and the 2016 Directive) would become public.

The UK has recently enacted rules that require certain big companies to publish their tax strategies on their websites. The publication must cover a certain number of areas, including the UK group's approach to risk management, governance arrangements in relation to UK taxation, and the group's attitude towards tax planning. The policy objective of this new rule is to increase the transparency of the business's approach to tax for all stakeholders: tax authorities, shareholders, and consumers. But the rule also aims to ensure that board members will control the company's tax strategy and embed it in existing corporate governance processes.

The UK may qualify as a first-mover on this front, but it is likely—inevitable, I would say—that other tax authorities will soon follow suit. Indeed, in January 2018 the Danish Parliament investigated whether Danish pension funds had invested in countries on the EU blacklist of tax havens—a list released by the EU Commission just one month prior. From the speed we can infer the seriousness of the transparency movement.

Some companies—and a Norwegian pension fund—have even pre-emptively published their tax strategies on their websites and have publicly expressed their opinions on what constitutes a responsible tax policy.

Taken together, these elements demonstrate that multinational companies must start managing their tax reputation and communication in the same way they manage their corporate social responsibility. Having a proper internal tax strategy, even if it isn't yet meant to be made public, is a crucial first step towards sustainable and responsible tax behaviour. Companies should, if they haven't already, be reviewing their internal processes and risk management procedures to ensure that they can appropriately control their tax risks—and thus implement a sustainable tax policy. Ultimately, it will be a CEO and board member responsibility to find the best tax strategy and to execute whatever changes they deem best to get ahead of the curve.



# Geopolitical change

## **The modern CEO: business (wo)man or politician?**

Many companies are larger economic entities and with potentially greater influence than the countries in which they operate. According to one estimate, 69 of the top 100 wealthiest economic entities in 2016 were corporations, not countries. As a result, they have essentially become political actors assumed to have political agendas. The 'revolving door' between CEOs and top political appointments in developed and developing countries alike has further reinforced this perception. If top business roles are seen as stepping stones to political careers, the public will expect a CEO to behave like a politician even while they simply occupy a business seat.





Today's geopolitical environment is nothing like what we've seen in the past. CEOs are beholden to the outputs of an increasingly complex geopolitical system that moves at an accelerated pace, with few guardrails. Outcomes are hard to predict without careful focus. Time to react is limited. Only by moving politics to the forefront of strategy, and personally being the point (wo)man for geopolitics can a CEO lead their organization to success in turbulent times.

Corporate leaders are looked to for social media comments and responses to political events almost in real time. In a world without social media, ‘no comment’, ‘we are monitoring the situation’ and ‘our company does not take political positions’ were previously reasonable public positions. This is no longer the case, and any CEO who appears unprepared on political matters of public interest may be seen as aloof at best, and inauthentic at worst.

Beyond the general public, Boards are also increasingly unwilling to accept a shift in ‘external conditions’ as an explanation for failing to deliver results. Many companies whose earnings were affected by the volatility of the British Pound in the wake of the Brexit vote report having tough conversations at Board level about whether they could have prepared and mitigated better.

Boards have grown in confidence in their responsibility to act on nontraditional business risks such as climate change, cyber security or ethics. No longer is the ability of management to fully measure or forecast a ‘new’ risk seen as an acceptable response and having a list of ‘known-unknowns’ can be seen as shirking away from the issue.

CEOs can expect Boards to want to see geopolitics appearing on the risk register, as well as mature mitigation and response plans. Perhaps the thorniest issue of all is connecting with employees and customers by taking public positions on politicized issues. Some will expect the company to take a public position — and those that do might be on opposite sides of the issue — while others would rather see it kept quiet.

## Kick-starting the discussion

Geopolitics is nothing new, but to succeed in today’s charged environment, companies are going to have to do things differently. It starts with recognizing that politics influences the business environment more than it has for decades. While it might be easy for CEOs to have a relatively informed view on this new geopolitical landscape, it’s hard to be a specialist — particularly when economic logic is seemingly no longer a constraint on politics and companies can take nothing for granted. Furthermore, while a ‘wait and see’ approach might be seen as the easiest route — especially given the range of known-unknowns or unknown-unknowns defining the current social, political and economic environment, the signals can be predicted if you look in the right places, risks managed if you know how, and opportunities exploited if you can turn foresight into action. In this paper we have explored three proactive responses to the current geopolitical environment which should help make CEOs view themselves and the companies they lead in a different light; as takers of political risk and opportunities, but also as shapers of societal outcomes. There are also a range of boardroom questions which should be high on the CEO agenda to kick-start the discussion and identify geopolitical implications for financial, business and operating models. While geopolitics has the potential to disrupt, for those that are prepared and ready to act, it can also create opportunities. Armed with a well thought through strategy, analysis and information, an effective CEO acting like a Chief Geopolitical Officer can help lead the company towards a more certain path in an uncertain business world.





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### Financial model:

- What business planning assumptions could be derailed by geopolitics?
- Have your financial forecasts and business plans been stress-tested for geopolitical disruptions?
- What does increased geopolitical uncertainty mean for the availability and cost of capital and resources?



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### Business model:

- How resilient is your business to the loss of a key customer as a result of a geopolitical event?
- How could your distribution network or product portfolio be impacted by major geopolitical changes?
- Which new or alternative markets should be explored in light of possible political trajectories?



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### Operating model:

- Who in the business is responsible for monitoring, analyzing and interpreting geopolitical events?
- Is your operating model sufficiently agile to respond to a surprise geopolitical event?
- Is your geopolitical intelligence of comparable quality to financial and operational data?



# Data governance

New technology trends are buzzing in (and even fading out) fast these days, as firms wrap their heads around the likes of artificial intelligence and machine learning and blockchain. But the underlying paradigm shift is now universally noticed and understood: data has exploded in volume and quality, and the current wave of technology is all about harnessing it.

## The step back

Banks are generating huge volumes of data which must be properly maintained according to strict regulation. The General Data Protection Regulation (GDPR), soon to go live, is the latest regulation in a slew of regulations that necessitate top-performing data governance and management. Setting aside this challenge, however, many banks have not even yet solved the eleven principles of effective risk data aggregation and risk reporting introduced by the Basel Committee on Banking Supervision's regulation (BCBS 239), effective since 2016. Frankly, many banks are facing a data overload and are unable to structure and outfit it in a meaningful way. They are feeling the lack of proper data management systems, intensified by increasing customer demands for information.

Over and above regulatory compliance, banks are also pressured to funnel all this data into effective decision-making tools. Data is the backbone of risk and finance departments, both of which have historically managed data much differently to one another — and to how BCBS 239 and the GDPR require them to. Now, incoming data must be stored in a certain way, while being editable and usable and sharable by both of these teams. Naturally, this requires many gymnastic feats in reconciling data inputs and informational outputs.

Thus, the task before banks is not about tweaking their systems to tick boxes on a compliance form. It's about transforming their entire approach to data in order to be secure, compliant, flexible, creative, and forward-looking—all at the same time, and all while technology is advancing at breakneck speed.

## The leap forward

There are many questions that can be asked here. First of all, where do we begin? Let's start with the basics: deciding who should be the driving force behind these changes. Since data often falls within the domain



of information technology, many assume that the IT department should be the central initiator — but this is not the case. This goes beyond IT. The mandate should come from management, given the strategic aspects to coordinate both in terms of internal workings and external competitiveness. Many banks have hired Chief Data Officers (CDOs), who are responsible for establishing a “know your data” culture within the bank and implementing changes going forward.



Another basic: proper data governance must be established. Banks should implement a coherent and consistent framework across the entire organisation defining how data is to be managed. This should include how data ownership and stewardship is established, it should define the data and information architecture, it should set general rules and standards for data, and it should extend all the way to metadata management and data lineage. When done right, all these things represent data quality, by ensuring its integrity, consistency, and accuracy.

After the data governance programme, banks must determine how to measure and track its value. Stakeholders and business sponsors often struggle with this, as ongoing cost/benefit analyses and returns-on-investment can be tough to quantify. The answer is to define measurable key performance indicators (KPIs). These should be classified into categories from data quality and timeliness, to compliance and efficiency.

Data quality, for example, is measurable by comparing data in the source system to a “golden record”. Track changes in data quality by defining data quality rules and measuring those rules’ degrees of compliance over time. These examples both relate to the input side—the output side should definitely not be neglected, as risks from data issues must be minimised.

The KPIs should also be categorised by data subject, for example customer data. For each KPI, the following should be defined and documented:

- details of how to measure it
- follow-up procedures for related issues
- frequency of information intake
- unit of measurement
- threshold values acceptable

### **Bold thinking**

As all of the above suggests, implementing a data governance programme is no quick or easy or short-term task. It will require dedicated resources. It will require big, bold thinking. It is an upheaval, not an exercise in finding bandage solutions. It will require good change management.

The goal is to become a data-driven business that is resilient to new regulatory pressures and that can capture value, with the longest shelf-life possible, from data.

# The first 100 days of your intelligent automation journey

## Be ready to scale up to production in about three months...

Intelligent automation has the power to exponentially increase enterprises' speed, scale, quality and precision; achieve never-before-seen levels of operational efficiency; as well as complement and augment human skills. The race is definitely on and there is simply no turning back. Here, we have highlighted the key actions needed to scale up intelligent automation to production in about three months.

Days  
1-30

### Raise awareness, align functions and mobilize resources (incl. a strong sponsor)

#### Engage and align expectations

Raise awareness across functions of what intelligent automation can do, and define who will lead the charge

#### Identify existing transformation initiatives

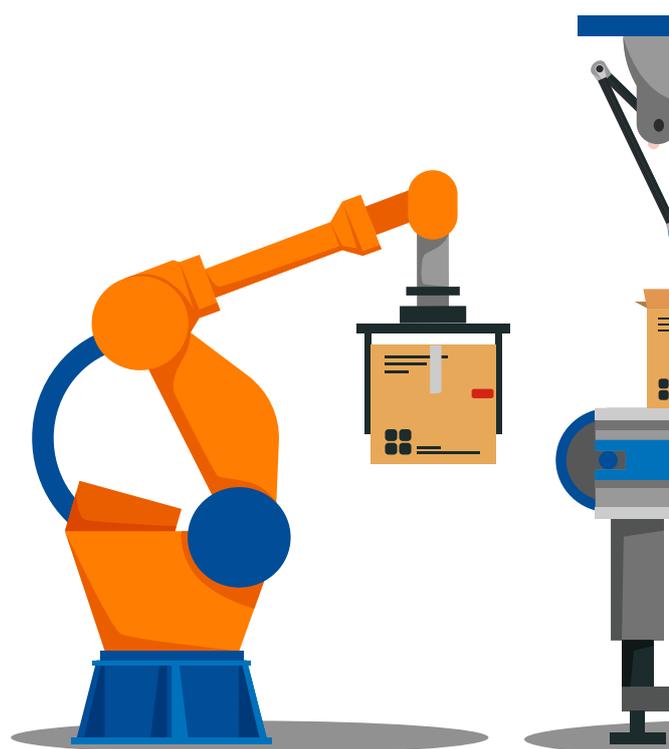
Consider all existing channels and in-flight programs to reduce any business disruptions

#### Organize a program of work

Identify the dedicated financial and human resources who will be critical to its success

#### Identify your automation evangelists

Set up a core, blended delivery team, which is essential in establishing the tools and methods that will enable your intelligent automation program



Days  
30-60

## Assess initial opportunities and conduct a proof of concept

### Decide on a methodology, from assessment to deployment

Agree on a methodology that will work in your organization to assess opportunities and aid deployment

### Create a matrix for assessing and prioritizing automation activities

This will help you identify quick wins and deliver value early using predefined prioritization criteria

### Combine automation with other transformation levers

Consider automation in conjunction with other transformation levers such as process engineering and system integration

### Conduct a technology capability assessment

Review the existing technology landscape in detail to set up your infrastructure

### Define your capability delivery model

Agree on how you will build an internal automation capability

Days  
60-100

## Assess proof-of-concept results, define your framework and build a roadmap to begin development at scale

### Assess and select vendors

Choose a vendor that meets the current and expected needs, and gives you scalability and accelerated integration across different products

### Deploy a proof of concept to assess suitability

Test to see whether the vendor's technology is suitable, robust and scalable across your organization

### Deploy infrastructure requirements

This will become a critical element to move into production at scale, beyond the first 100-day period

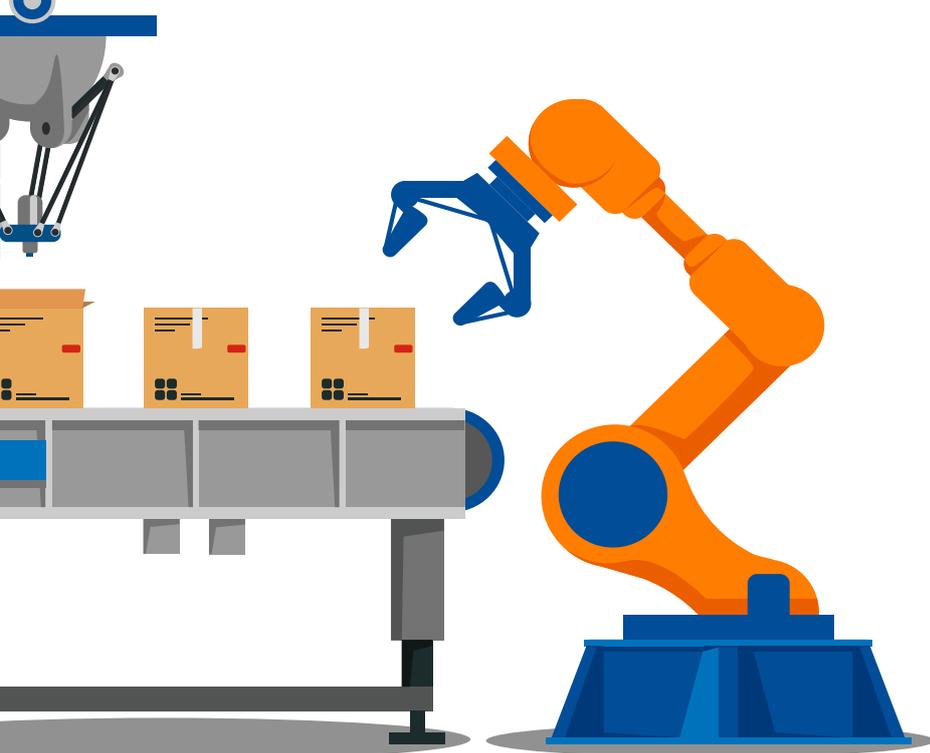
### Define and start building your Center of Excellence

The new digital operation will require a framework for governance and change

### Develop an adoption roadmap

Outline what your automation journey would look like based on your defined case for change and business priorities

Scaling  
up to  
production





**Yves Baguet**

**Chief Operations Officer,**  
Banque Internationale à Luxembourg (BIL)



### What led you to launch a robotic process automation programme?

We tested RPA technology for the first time back in 2016 to automate some payments that were still processed manually. In addition to bringing obvious benefits for the bank in terms of savings and risk reduction, RPA also created tangible benefits for our clients by increasing the speed of execution. Following this first positive experience, we are looking into automating more processes across the bank.

RPA also allows the Bank to make better use of the skills and knowledge of its employees who can then spend more time on more sophisticated tasks which add value rather than on manually inputting data. It is a win/win situation for all parties. The potential benefits of RPA at BIL are huge and we are currently receiving many automation requests —we need to manage expectations.

### What challenges did you face in implementing robotic process automation?

RPA is often considered an IT tool but it is actually more business-driven than a simple tool. At the beginning it was tempting to create an IT team to manage the robots, but since RPA is process-based, the setup must remain very flexible and therefore close to the operational business.

RPA mimics user interactions within a given system, meaning that it is best used on existing processes with high volumes and “low to medium” complexity. It enhances, not replaces, IT — particularly from an architecture and data collection standpoint.

One of the lessons we learnt during the implementation phase was that we had to put in place a specific governance model with clear responsibilities to ensure a strict selection of the eligible processes and to monitor risk.

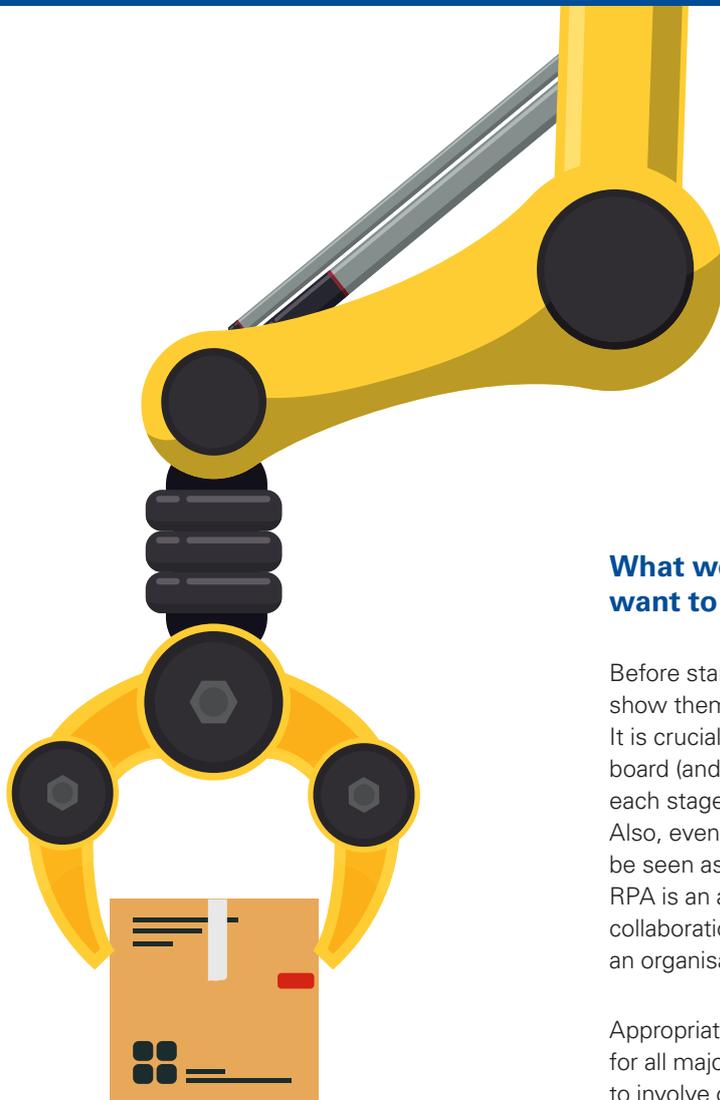
RPA should be implemented together with the most knowledgeable people within the organisation who operate the targeted process on a daily basis. In-depth knowledge of the manual processes in place and of the different tools already in use are very important. Indeed, any mistake in the configuration of the RPA process will have a negative impact later on.



**Serge Munten**

**Head of Agile Operations,**  
Banque Internationale à Luxembourg (BIL)





### **What would your advice be for banks that want to introduce RPA?**

Before starting, it is imperative to reassure people and to show them that they are actively involved in the project. It is crucial to bring the business representatives on board (and hopefully have them in the driving seat) at each stage of the project, so that they own the solution. Also, even though RPA is a business solution, IT should be seen as a key partner for the success of the project. RPA is an area which requires a particularly close collaboration between the business and the IT teams of an organisation.

Appropriate governance is also a key success factor. Like for all major projects, organisations should not hesitate to involve other departments such as risk, compliance, security and audit to maximise the possibilities of what can be done with RPA. While configuring the solution, organisations should always apply the 80/20 rule for the go-live, focusing on a configuration of exceptions that really make sense.

### **How did you get employees involved?**

After the initial success of the proof of concept, people involved in operational processes (including the operations, retail, risk, loans, and human resources teams) were invited to attend demo sessions about RPA. We explained that the objective was to reduce the volume of repetitive tasks with a low added value, and thereby to free up employee time for more complex and value-adding tasks and for the bank's strategic projects.

We also invited these employees to propose processes to automate with RPA to increase efficiency at the bank for the benefit of our clients.

### **How would you describe the collaboration with the KPMG team?**

KPMG already successfully supported us in the implementation of a number of processes in 2017, and they have continued to do so in 2018. They assembled a team of very knowledgeable and reliable experts, including some from their RPA Competence Center in Portugal. They brought their knowledge of RPA tools and they provided pragmatic suggestions on how to maximise the benefits of a robotised process. KPMG also gave us advice at the architecture level, which was very valuable in optimising the use of our RPA licenses.



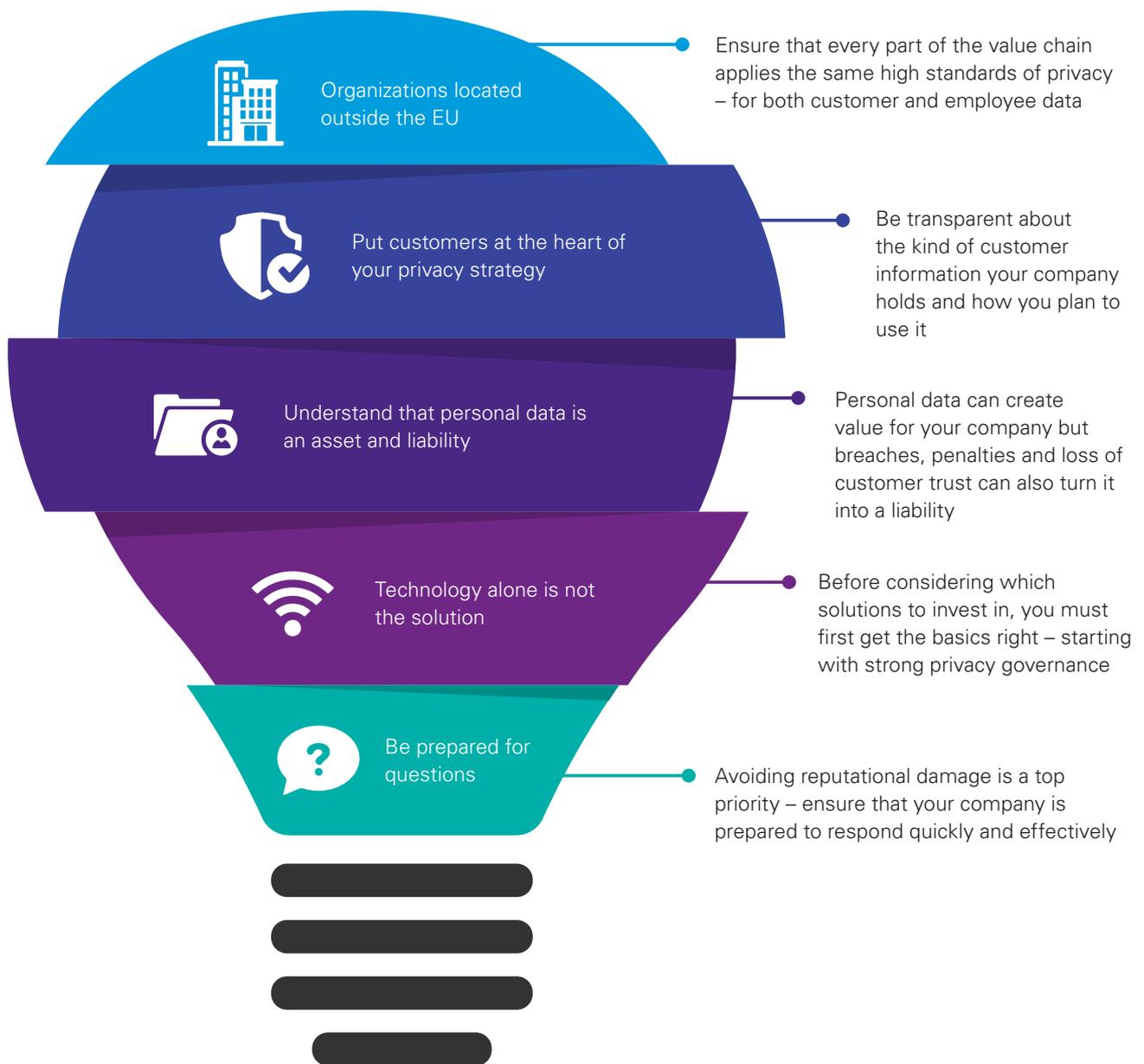
# General Data Protection Regulation

Since 25 May 2018, the General Data Protection Regulation (GDPR) has been in force.

The GDPR affects organizations that deal with consumers and businesses in EU member states, and will transform the way that personal information is collected, stored, used, disclosed and disposed of.

While meeting regulatory obligations is a must, there is a danger of seeing the GDPR as a one-off, 'tick the box' activity, rather than a deliberate move towards a privacy-conscious culture, where transparency, citizens' rights and accountability become second nature to all employees.

# GDPR is not a box-ticking exercise





Over-borrowing risks new global crisis, warns IMF



\$52.14

\$146.06

1.29%

1.31%

Index	Value	Change
FTSE 100	7,038.22	+14.10
FTSE All Share	1,471.23	+0.14
FTSE All Share TRD	3.96	+0.00
FTSE Europe 500	2,064.02	+0.00
DAX	10,522.98	+0.00
NASDAQ	2,828.10	+0.00
S&P 500	1,182.10	+0.00

# Business

# Bank rankings 2017



# Overview

	Bank
1	Banque et Caisse d'Épargne de l'Etat, Luxembourg
2	Société Générale Bank & Trust S.A.
3	BGL BNP Paribas S.A.
4	Deutsche Bank Luxembourg S.A.
5	Banque Internationale à Luxembourg S.A.
6	Intesa Sanpaolo Bank Luxembourg S.A.
7	UniCredit Luxembourg S.A.
8	ING Luxembourg
9	DZ PRIVATBANK S.A.
10	NORD/LB Luxembourg S.A. Covered Bond Bank S.A.
11	RBC Investor Services Bank S.A.
12	Commerzbank Finance & Covered Bond S.A.
13	Clearstream Banking S.A.
14	J.P. Morgan Bank Luxembourg S.A.
15	Banque de Luxembourg S.A.
16	PayPal (Europe) S.a r.l. et Cie, S.C.A.
17	HSBC Private Bank (Luxembourg) S.A.
18	Pictet & Cie (Europe) S.A.
19	KBL European Private Bankers S.A.
20	Banque Raiffeisen Société Coopérative
21	Société Générale Capital Market Finance S.A.
22	Industrial and Commercial Bank of China (Europe) S.A., en abrégé ICBC (Europe) S.A.
23	Crédit Suisse (Luxembourg) S.A.
24	CA Indosuez Wealth (Europe) S.A.
25	Skandinaviska Enskilda Banken S.A.
26	Mitsubishi UFJ Global Custody S.A.
27	MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.
28	Banque Privée Edmond de Rothschild Europe S.A.
29	Bank of China (Luxembourg) S.A.
30	DekaBank Deutsche Girozentrale Luxembourg S.A.
31	Nordea Bank S.A.
32	Nomura Bank (Luxembourg) S.A.

	Total Assets € million		Amounts owed to customers € million		Net interest income € million		Net fee and commission income € million		Profit for the financial year € million		Own funds € million		Staff number	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	45,518	43,445	31,565	28,190	363	365	103	93	241	240	3,570	3,502	1,820	1,796
	40,402	42,188	11,033	12,512	153	176	154	139	299	310	2,440	2,593	1,237	1,241
	38,464	33,933	25,850	23,452	455	486	133	121	146	185	5,424	5,424	2,390	2,478
	37,676	51,787	9,454	10,330	205	306	-68	-92	218	1,067	5,148	5,031	340	312
	23,753	23,149	16,315	16,129	306	299	201	185	117	110	1,123	1,080	1,803	1,815
	22,203	17,996	6,584	5,343	136	94	51	45	135	122	2,295	1,857	170	169
	17,993	20,272	3,974	4,310	110	106	16	20	69	36	1,273	1,315	150	169
	17,975	15,188	15,575	12,769	171	139	91	81	36	101	937	1,121	825	838
	15,659	15,914	8,077	8,439	65	77	131	125	11	11	629	629	912	909
	15,361	15,936	3,211	3,413	109	90	-38	-41	29	31	703	711	189	187
	15,119	15,371	12,466	12,781	33	51	207	194	65	72	1,120	1,060	1,339	1,327
	14,705	17,599	1,366	1,673	-8	28	6	4	-84	59	2,131	1,031	13	15
	14,200	14,685	1,954	1,251	103	61	467	436	194	172	858	877	451	457
	13,221	12,868	11,869	11,575	88	34	242	268	105	63	1,042	1,124	379	467
	13,086	13,415	10,541	11,080	68	66	137	141	63	63	700	673	844	815
	9,645	8,932	0	0	711	587	126	145	297	218	4,460	4,435	89	89
	9,579	9,243	961	1,368	-28	2	7	7	1	0	402	405	107	107
	8,711	8,650	7,225	6,934	57	54	184	181	92	82	290	394	545	537
	8,592	8,952	3,749	3,901	51	48	55	61	39	29	1,370	1,330	702	765
	7,905	7,501	6,687	6,312	97	92	22	20	18	17	362	345	621	611
	7,523	6,892	7,283	6,827	30	29	-26	-25	0	0	9	9	5	5
	6,815	7,353	2,542	1,740	72	74	16	23	10	28	582	554	353	351
	6,657	7,162	5,065	6,253	50	39	92	91	14	-8	285	319	421	438
	6,441	6,152	5,784	5,386	65	73	91	70	45	43	496	518	491	500
	5,825	8,005	3,108	3,097	14	11	24	25	21	15	206	206	191	202
	5,331	4,779	3,258	3,130	31	21	45	50	28	21	259	140	170	176
	5,192	6,282	963	1,275	39	30	1	1	21	19	308	289	9	9
	5,143	5,423	4,379	4,947	23	15	67	76	43	14	151	167	491	495
	4,818	3,452	3,038	2,384	55	28	22	17	34	5	422	418	292	130
	4,680	4,922	3,572	3,986	43	74	88	66	57	79	534	528	387	394
	4,208	5,477	3,235	3,846	17	21	45	310	72	159	445	455	N/A	497
	3,859	4,113	2,895	2,740	5	5	73	77	34	32	482	444	374	372

# Overview

	Bank
33	UniCredit International Bank (Luxembourg) S.A.
34	Natixis Bank S.A.
35	ABN Amro Bank (Luxembourg) S.A.
36	Banque Degroof Petercam Luxembourg S.A.
37	Fideuram Bank (Luxembourg) S.A.
38	EFG Bank (Luxembourg) S.A.
39	Banco Bradesco Europa S.A.
40	DNB Luxembourg S.A.
41	Eurobank Private Bank Luxembourg S.A.
42	John Deere Bank S.A.
43	Compagnie de Banque Privée Quilvest S.A.
44	Bank GPB International S.A.
45	Avanzia Bank S.A.
46	Bank Julius Baer Luxembourg S.A.
47	Danske Bank International S.A.
48	Société Nationale de Crédit et d'Investissement
49	China Construction Bank (Europe) S.A.
50	M.M. Warburg & CO Luxembourg S.A.
51	VP Bank (Luxembourg) S.A.
52	Danieli Banking Corporation S.A.
53	Mizuho Trust & Banking (Luxembourg) SA
54	Banca Popolare dell'Emilia Romagna (Europe) International S.A.
55	SMBC Nikko Bank (Luxembourg) S.A.
56	Delen Private Bank Luxembourg S.A.
57	Hauck & Aufhauser Fund Platforms S.A.
58	State Street Bank Luxembourg S.C.A.
59	HSH Nordbank Securities S.A.
60	East West United Bank S.A.
61	Union Bancaire Privée (Europe) S.A.
62	Banque BCP S.A.
63	Banque Transatlantique Luxembourg S.A.
64	Mirabaud & Cie (Europe) S.A.

	Total Assets € million		Amounts owed to customers € million		Net interest income € million		Net fee and commission income € million		Profit for the financial year € million		Own funds € million		Staff number	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	3,557	3,649	695	1,226	16	8	1	0	1	4	293	283	37	15
	3,535	3,498	562	536	35	13	14	11	18	-6	841	837	115	116
	3,182	3,088	2,104	2,059	20	20	15	16	3	-4	200	203	128	133
	3,083	2,671	2,645	2,263	13	11	78	71	38	61	241	149	344	311
	3,002	2,495	2,708	2,175	2	1	37	35	24	23	117	113	63	61
	2,867	1,228	2,195	968	10	6	27	18	-13	-2	92	55	192	104
	2,804	3,220	316	372	34	30	6	10	25	26	478	452	46	41
	2,771	3,397	1,879	2,415	17	21	5	5	9	10	128	98	43	43
	2,336	2,680	1,103	1,289	25	25	8	6	13	12	265	283	94	93
	2,058	1,840	0	0	67	64	1	1	33	32	277	259	138	142
	1,944	1,902	1,820	1,719	9	10	33	24	7	3	65	63	134	138
	1,745	833	1,247	252	13	9	16	5	10	1	117	117	51	32
	1,729	1,234	1,454	1,102	163	133	6	5	47	40	99	79	140	120
	1,674	938	1,534	845	8	-2	25	1	-19	58	129	51	215	136
	1,623	1,459	1,132	1,053	15	15	21	19	17	9	157	177	87	93
	1,443	1,419	30	35	1	2	0	0	28	48	1,088	1,040	13	14
	1,411	810	283	229	10	7	3	2	-5	-10	183	193	165	123
	1,378	1,287	1,310	1,240	6	5	19	17	5	4	33	33	187	172
	1,348	1,271	741	657	5	5	9	10	-1	-6	125	143	86	92
	1,218	1,148	98	88	6	9	0	0	3	16	1,031	1,027	6	7
	1,079	1,011	412	270	1	2	53	28	4	-2	49	58	140	134
	1,034	1,110	817	900	4	4	2	2	2	1	64	48	19	18
	948	646	798	489	1	1	17	12	5	2	130	127	86	80
	914	510	716	350	0	-1	68	58	48	42	48	46	47	47
	791	752	582	593	0	1	13	14	-4	-18	112	111	86	86
	764	711	75	89	-1	-1	397	358	128	114	476	476	790	743
	752	909	20	24	5	3	4	4	9	2	199	199	43	48
	721	506	558	357	10	16	3	3	3	2	107	105	73	71
	692	617	385	282	1	1	5	27	2	16	168	151	28	31
	648	593	278	261	9	9	4	4	1	0	39	38	79	76
	511	432	348	311	3	2	7	6	2	1	20	20	32	32
	507	260	465	228	0	0	30	22	2	-2	19	17	21	16

# Overview

	Bank
65	Bankinter Luxembourg S.A.
66	Internaxx Bank S.A. formerly TD Bank International S.A.
67	Banque de Patrimoines Privés S.A.
68	Credem International (Lux) S.A.
69	DEPFA Pfandbrief Bank International S.A
70	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.
71	Fortuna Banque s.c.
72	Allfunds Bank International S.A.
73	Keytrade Bank Luxembourg S.A.
74	Banque Carnegie Luxembourg S.A.
75	Banque Hapoalim (Luxembourg) S.A.
76	Banque Puilaetco Dewaay Luxembourg S.A.
77	Banque Öhman S.A.
78	Banco BTG Pactual Luxembourg S.A.
79	Brown Brothers Harriman (Luxembourg) S.C.A.
80	Rakuten Europe Bank S.A.
81	Freie Internationale Sparkasse S.A.
82	RiverBank S.A.
83	Agricultural Bank of China (Luxembourg) S.A.
84	Banque J. Safra Sarasin (Luxembourg) SA
85	Banque Havilland S.A.
86	Lombard Odier (Europe) S.A.
87	Bank of Communications (Luxembourg) S.A.
88	Andbank Luxembourg S.A.
89	Catella Bank S.A.
90	BEMO EUROPE - BANQUE PRIVEE S.A.
91	ABLV Bank Luxembourg S.A.
92	Société Générale LDG S.A.
93	Société Générale Financing and Distribution S.A.

	Total Assets € million		Amounts owed to customers € million		Net interest income € million		Net fee and commission income € million		Profit for the financial year € million		Own funds € million		Staff number	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	470	423	374	350	3	4	5	2	0	-1	60	31	27	29
	436	450	41	421	3	2	7	3	2	-4	20	23	37	38
	418	475	296	348	3	3	12	8	1	6	54	46	65	63
	325	421	134	219	0	1	26	31	17	20	156	146	27	28
	321	721	10	211	-65	-3	0	0	-1	23	146	123	11	12
	314	303	0	0	1	0	4	5	0	1	39	43	22	22
	257	245	243	221	3	3	1	1	0	0	11	11	26	23
	252	214	71	22	0	0	20	16	5	5	30	25	29	24
	242	232	226	216	2	2	2	2	1	1	14	13	10	10
	216	386	183	344	2	3	7	7	4	4	21	24	38	39
	188	390	3	5	1	0	5	2	0	-3	48	55	20	20
	161	162	141	143	0	0	11	10	3	1	15	15	25	28
	128	99	112	85	1	1	8	6	1	0	11	10	29	29
	94	114	0	0	2	1	0	0	-1	9	80	71	4	3
	83	97	0	0	0	0	126	130	54	48	37	49	378	382
	73	20	45	3	0	0	0	0	-4	-7	26	15	33	30
	48	349	34	39	0	0	3	2	0	1	13	12	18	15
	45	1	0	0	0	0	0	0	4	-2	48	0	26	12
	21	20	0	0	0	0	2	2	1	0	18	19	39	31
	N/A	5,514	N/A	2,410	N/A	77	0	26	N/A	86	N/A	320	N/A	124
	N/A	1,425	N/A	834	N/A	27	0	10	N/A	15	N/A	192	N/A	102
	N/A	1,020	N/A	944	N/A	4	0	38	N/A	-13	N/A	45	N/A	177
	N/A	780	N/A	0	N/A	4	0	0	N/A	-7	N/A	96	N/A	21
	N/A	478	N/A	213	N/A	3	0	3	N/A	-1	N/A	50	N/A	56
	N/A	375	N/A	273	N/A	3	0	30	N/A	15	N/A	33	N/A	172
	N/A	193	N/A	1	N/A	2	0	2	N/A	-2	N/A	12	N/A	23
	N/A	183	N/A	154	N/A	2	0	2	N/A	1	N/A	14	N/A	20
	N/A	154	N/A	0	N/A	3	0	0	N/A	2	N/A	76	N/A	1
	N/A	24	N/A	0	N/A	1	0	3	N/A	2	N/A	21	N/A	6

## Acknowledgements

We would like to thank:

**Pierre Gramegna,**

Minister of Finance

**Guy Hoffmann,**

Luxembourg Bankers' Association

**Nasir Zubairi,**

Luxembourg House of Financial Technology

**Bernard Coucke,**

Edmond de Rothschild (Europe)

**Yves Baguet and Serge Munten,**

Banque Internationale à Luxembourg (BIL)

For sharing their points of view with us in this report.

We also thank the teams at the Luxemburger Wort and KPMG who have worked on this report.

### Sources:

- CSSF Webpage
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- ABBL Annual Report
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- Luxemburger Wort and Press article

### Figures Analysis:

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